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November 8, 2010

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave, NW  
Washington, D.C. 20551

Re: Docket No. R-1390 - Comments on Proposed Rule on Additional Consumer Protections and Disclosure for Mortgages under Regulation Z

Dear Ms. Johnson and Governors of the Federal Reserve Board:

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves over 125,000 members in southern New York and northern Pennsylvania.

We have reviewed the proposed rule and have commented by section below:

**Credit insurance and Debt Cancellation and Suspension Products**

We do not agree with the suggested changes to the credit insurance disclosures that go so far as to state the product may not be necessary. It is obvious that the intent is to prohibit or limit the sale of this voluntary protection offered to our members who wish to protect their families or estates, and we do not believe that is a proper regulatory role. The same disclosure could be made for all insurance products sold in the United States.

Credit unions are well known for selling low-priced, well-featured policies and the disclosures already required insure that the product is voluntary and disclosed properly. These changes are not needed.

**Right of Rescission**

We strongly disagree with the proposed change that the rescission notice be sent out sometime "before" the loan closing or prior to the addition of a security interest for existing loans. We fail to see how trying to estimate exactly when the closing will be, sending out the notice, and then allowing for additional time for it to get to the borrower will do anything but slow down service to consumers. Not to mention it will cause confusion to financial institutions and consumers and result in duplicate notices being sent out every time there is a change in closing date. Consumers understand they can rescind the loan when they sign the documents – there is no need to send it out beforehand.

The rescission notices should be sent back to the lender within the three days after closing. Only under allowed special circumstances should a rescission notice be sent to the lender after the three day notice has expired.

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If a lender receives a borrower's notice of rescission outside of a court proceeding and the initial three day period, the lender should be given at least thirty days to answer and if the lender agrees, the borrower should be given only 15 days to tender the property or money since the borrower is the one asking for relief.

We also believe the "material" amount should be changed to reflect simply the ½ % of the credit limit requiring new disclosures - \$100 is too low a limit.

### **Loan Modifications Requiring New Disclosures**

Floor rates should still be allowed with HELOCs as long as the floor rate is disclosed properly and the borrower understands the options. Because this type of loan has a much longer advance period than credit cards and more disclosure requirements, it should not be treated the same related to floor limits. The net effect may be to actually increase the cost of credit to consumers, which is what happened on credit cards when that rule was enacted as banks jockeyed to set their rates to protect against low rate environments that could wipe out needed margins to continue their programs. Most credit unions were less affected, but the end result of the Federal Reserve's previous rule making was still negative for most consumers. It does not seem prudent to make the same mistake again.

On closed end ARMS, we do agree that publicly available indexes are acceptable and a common practice. We also agree with the requirements for new TILA documents when key terms are being modified or an ARM is converted to a fixed rate loan. The only fees that should require a new disclosure are those retained by the lender. One other item would be that a payment or loan amount increase of at least 2% should be the "de minimis" amount before the new disclosures are required.

### **Interest Rate Coverage Test for HOEPA Rules**

We agree with the changes to the rule that include using an Average Prime Offer Rate and that would exclude some fees when calculating whether or not a rate is a high cost home loan.

### **Borrower's Right to a Refund of Fees and Other Related Issues**

We do not believe that the borrower should receive a refund of any fees not charged by the lender (such as an appraisal fee) if the fee has been paid and the borrower decides not to proceed with the loan. This will result in all mortgage loan applications having to wait for three days before being processed, no matter how urgent the consumer's need for a speedy transaction such as for medical bills or tuition for a child. The notices of the refund rights should be provided with the early disclosures in order to provide a consistent approach.

### **Reverse Mortgages**

Reverse Mortgages should assume the entire amount is drawn on the account for use in preparing the disclosure. Using a discretionary advance approach when a payment is not chosen is also a satisfactory way to disclose the information. A range should not be used. Minimum amounts should also not be used. In regard to the disclosures about the limits on the amount owed and net proceeds, we do not have an objection to the additional statements explaining how the amounts are calculated. We would leave the costs to sell the home more

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open-ended, with perhaps a 20% cap - 7% is not reasonable to cover a realtor fee and the costs to repair or clean up a home for sale.

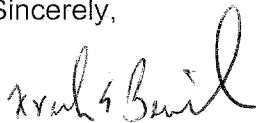
The "Clarifying Statements" listed in the proposal are so negative in nature that it will make any advertising of a Reverse Mortgage Program very awkward and difficult. This may cause some financial institutions to just avoid setting up programs, depriving many senior citizens of a needed product.

**Other Provisions**

We agree that borrowers should not be required to purchase another financial product in order to get a reverse mortgage loan, as long as we are not prohibited from giving our members discounts when they do choose to have additional products with us or use our services.

Thank you for the opportunity to comment on this proposed rule.

Sincerely,



Frank E. Berrish  
President

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Cc: Mr. Fred Becker, President – NAFCU

Mr. Bill Cheney, President - CUNA